

## SOME ASPECTS OF SPA TOURIST MARKET SEGMENTATION (A Closer Look at the Case Study on Shipkovo Village Experience, Bulgaria)

*PhD. Vanya Kuzdova BANABAKOVA*

*Chief Assistant at the National Military University "Vassil Levski", Veliko Turnovo, Bulgaria*

### Abstract

*The present report explores the possibilities for spa tourist market segmentation. Based on analyses of the market and competition, the key criteria of said segmentation is established on the bases of market and competition analysis, as well as the target segments are determined, the latter being actual and potential consumers of the tourist product, offered in the region of Shipkovo village, Troyan Municipality.*

**Key words:** Bulgaria, tourism, spa.

**JEL classification:** D20, L83, M10, Q26.

Contemporary tourism is an actively developing sector of the national economy, considered as a priority sector by the government, and characterized with good potential in terms of respective resources. Therefore, the major goal is to develop said resources rationally and in compliance with the environmental requirements as to the regions offering favourable conditions. Regarding the successful positioning of the tourist product, there are required the elaboration and application of a specific marketing strategy, namely a strategy based upon the information gathered through marketing conducted research and the set up of strategies for segmentation and promotion.

The purpose of the present report is to establish key criteria of the spa tourism market segmentation and to determine the market target segments of the tourist product, offered in Shipkovo village.

### 1. MARKET ANALYSIS

Keeping in mind that the market is an "aggregate of consumers with similar necessities of a certain product, sufficient resources, possibilities, and readiness for a purchase" (Marinova, El., 1999, p 38) the target market segments with an interest to the offered product shall be analysed.

The tourist product, offered in the village of Shipkovo, encompasses major services provided for by the spa complex and supplementary services such as a pool with mineral water, art club, pool bar, restaurant and medical center. The spa tourist product shall be primarily oriented towards families (with or without children), as well as towards people who might need the healing power of mineral springs.

Clients might book their stay individually or through their tourist agents. The spa center aims at attracting local residents (those coming from the town of Troyan and the villages in its vicinity) on the one hand, and people from the rest of the country, on the other hand. Special attention is paid to the senior couples who might get a 20% discount out of season.

In order to undertake a comprehensive analysis from the consumers' point of view, there has been conducted a research using the method of surveying a representative sample of 100 potential clients selected through random sampling. (Survey conducted by Alfatur tourist agency, town of Troyan, 2005).

Most of the participants in the survey fall in the following age groups: 17 to 24 and 25 to 34. In some of the cases the percentages amount to more than 100 because the participants have given more than one answer. For the question types contained in the survey, please refer to Table 1 below.

**Table 1. The survey questions**

№	Questions:
1.	How do you evaluate the conditions provided for in the spa center – luxurious, satisfactory, or bad?
2.	Which is the critical factor when you choose a spa center – price, conditions, or location?
3.	Which type of spa centers do you prefer – small, medium, or big?
4.	Which type of resorts do you prefer – seaside or mountainous?
5.	During which months of the year do you prefer to stay at the spa center?
6.	Which of the parameters define in your opinion the quality of the offered product – food, entertainment, rooms' comfort, opportunities for sports, or other amenities?
7.	Do you think you enjoy ready access to the necessary information about the spa center?

The survey results show that the largest percentage of the participants, 32.3%, consider spa centers as expensive and luxurious places, 30.6% state that spa centers are comfort buildings. For 52% of the surveyed the price is the most important factor when choosing a spa center; therefore a price policy tailored to the needs of the consumers shall be elaborated. An impressive 92% of the surveyed would spend their annual holidays at a small spa center with their families.

A larger part of the surveyed prefers to visit seaside resorts, however, a considerable percentage of them would also enjoy mountainous resorts or any other rest and treatment place, regardless of its location. Therefore, a very well planned promotion campaign ought to be performed as to the popularisation of the activities.

The analysis of the survey results shows that Bulgarians prefer to spend their holidays in February, March, May, June, July, August, and September. This finding shall be taken into account when forecasting the booking rate at the spa center.

For 74.33% of the surveyed, the quality of the offered product is the critical factor when choosing a spa center, quality meaning good and balanced diet, interesting entertainment, comfortable rooms and sport amenities, whilst 40.67% of the surveyed would like to have diverse additional services being provided by spa centers. Consequently, respective strategy towards an expansion of the offered services scope shall be elaborated.

At the same time 49% of the participants opine they would visit a modern spa center, whereas 29% of them do not know whether they would do so due to lack of information. On the above reasoning active promotion activities shall be carried out.

The gathered information gives the opportunity to determine the target market segments, which shall be aimed by respective marketing influences.

## 2. MARKET SEGMENTATION

The market segmentation in respect of the tourist product, offered by the Shipkovo spa center, aims at differentiating "homogenous as to certain features, the subgroups of consumers, which would react similarly to marketing influences" (Blagoev, V., 1998, p.193).

In the perspective of ensuring the effective market segmentation, the following rules shall be complied with (Banabakova, V., 2004, p. 180-181):

- Each of the segments shall be internally homogenous;
- Each segment shall be clearly separated from the others;
- Segments shall be sufficiently large in terms of the number of consumers included therein;
- Features, used for market segmentation, shall allow the gathering of sufficient information about the consumers;
- Consumers of respective market segments shall be reached through the ordinary marketing means.

In order to differentiate the target market segments, the following demographics shall be applied with regards to potential consumers:

- Social status;
- Health status;

- Marital status;
- Number of family members;
- Life cycle of the family.

The goal is to accomplish a distribution of the risk among segments, as well as the opportunity of maximizing sales' volume by means of supply of various medical, healing, and rehabilitating services in accordance with the potential and resources of the spa center.

Based on the described demographics, the subsequent **basic target market segments** can be differentiated:

- People who would need treatment and prevention under the program of the National Social Security Institute (NSSI): they would use primarily the medical center, the pool with mineral water, the restaurant and the art club;

- People who would need treatment, rehabilitation or rest, and would pay by themselves their stay and spa services: they would also use the medical center, the pool with mineral water, the restaurant and the art club;

- Young couples with children under 15: they would use the kindergarten, the restaurant, the dairy bar of the art club (until 7 p.m.), the medical center with the pool and other entertainments for children;

- Couples with children over 15: they would use mainly the hotel and restaurant parts, the pool and its bar, the art club, various organized entertainments and the medical center with the pool;

- Couples without children: they would use the treatment facilities, the restaurant, the art club (which doubles as a night club), the beauty shop, the medical center, the pool and its bar, etc.;

- Families who would like to escape from the unfavourable environment of the city conglomerations such as polluted air, congestion, crowded public transit, alienation, and absence of relationship with the nature. In the village of Shipkovo such clients can find the purity, freshness, and calmness of the sub - Balkan nature in a combination with a healthy holiday treatment and rehabilitation opportunities.

The following **additional target market segments** can be described:

- Clients who do not reside at the spa center hotel part but would actively take advantage of the art club, the restaurant, and the bar at the pool with mineral water because no other contemporary places of entertainment are available in the region;

- Residents of Troyan town and the surrounding villages who do not stay overnight at the spa center but need the healing power of the water in the village of Shipkovo;

- Young local people: an additional survey shows that due to the absence of a sufficient number of contemporary places of entertainment in the region, young people would also look for rehabilitation and entertainment at the spa center.

It should be noted that all actively working or studying persons also need rehabilitation and rest to the maximum possible extent; however, they should receive a favorable price offer at favourable prices. Therefore, specialized organizations (tourist agents) should ensure the holiday and rehabilitation of the people, namely the opportunity to detach people from the everyday stress and regain effectively their working capacity.

The analysis of the information, provided by the National Statistics Institute (NSI), also influences the target segments choice, especially the information related to the observed trend regarding an increase of the rehabilitation holidays number per family.

Using the method of target market segments, it is required to position on the market the product offered by the spa center as best satisfying the needs, demands and preferences of the target clients. In order to distinguish the spa center offer and image apart from similar products provided by competing companies, there shall be elaborated a positioning strategy so that to introduce the center as suitable to people who are looking for treatment or to rest away from the noisy big resorts, rejoicing the unique combination between the healing mineral springs, forest coolness, comfortable environment and professional services.

Depending on the type of the chosen segments: basic or additional, the marketing positioning programs shall be differentiated.

The purpose of marketing influences directed to the basic target market segments shall be elaborated in accordance with the stage and the respective state of readiness to use the tourist service, at which the potential and actual consumers are situated (model "Hierarchy of Effects") (Kotler, Ph., 2002, p. 523) – knowledge, recognition, liking, preference, persuasion and use of the service.

Corresponding to the stage, different marketing activities shall be undertaken. Please refer to Table 2 hereto in this regard.

The elaboration of a marketing program directed towards the basic target marketing segments requires the use of a larger scope of methods of marketing influences (committed advertising, various ways of sales' encouragement, flexible price policy, and the pleasure) compared to the methods directed to the additional target market segments. Said differentiation stems from the higher gains associated with the basic target segments.

The elaborated positioning strategy shall be also based on an analysis of the competition.

**Table 2 Basic States of Readiness to Use a Tourist Service and Appropriate Activities of Marketing Communications**

Basic States of Consumers	Marketing Activities
Knowledge – a larger part of the target	Introducing the name of the tourist object by means

audience does not know about the object.	of simple repetitive messages.
<b>Recognition</b> – the target audience may know the name of the tourist object but do not have more information about it.	Introducing the features of the tourist product.
<b>Liking</b> – the target audience knows the tourist product.	Preliminary survey of the attitude towards the product; forming a favourable opinion therefor.
<b>Preference</b> – the target audience likes the product but does not prefer it before other competing products.	Creating a consumers' preference to the product by way of promoting its quality and price, as well as the additional services and the benefits of its use.
<b>Persuasion</b> – the target audience prefers the tourist product, however, it is not yet convinced in the benefits of its use.	Developing the belief that the use of this particular tourist product is the best solution.
<b>Purchase</b> – part of the target audience is convinced but still hesitates over the purchase.	Encouraging consumers towards purchasing of the tourist product.

### 3. COMPETITION ANALYSIS

Several other hotels in the country offer a combination between holidays and opportunities for rehabilitation through spa, namely:

- Grand Hotel Varna, City of Varna – a luxury 5-star hotel providing for 75 different types of spa procedures and the high standard preferred by business people and foreign visitors;
- Hotel Ambassador, Golden Sands Resort – a 4-star hotel providing for 65 different types of spa procedures;
- Hotel Dobrudza, Albena Resort, providing for different types of spa procedures;
- Inter Hotel Sandanski, Town of Sandanski – a luxury 4 –star hotel;
- Hotel Pomorie, Town of Pomorie;
- Hotel Globus, Town of Bourgas.

The hotels listed above are luxurious, expensive and inaccessible for approximately 90% of the Bulgarian consumers. Therefore, such hotels aim at foreigners – predominantly French, Russian, Czech, Finnish, Dutch, German, Belgian, Swedish, Greek, and English tourists. These celebrated hotels have established certain market positions, image, and constant contacts with local and international

contractors, as well as experience of long standing in the services area.

As a result of the listed characteristics we may conclude that these hotels are not direct competitors to the developing spa center in Shipkovo village because they (i) serve different market segments (mainly the economic and political elite of the country and solvent foreigners); (ii) use different natural resources (sea, sea beach, specific climate; and (iii) utilize considerable financial and personnel potential.

Another group of famous spa centers in the country may also be differentiated as follows:

- Town of Hisarya – the contemporary hotel Augusta, designated mainly for rehabilitation;
- Town of Velingrad – 4 sanatoria and a couple of modern hotels;
- Town of Kyustendil – 2 hotels with 348 beds, 4 sanatoria, and 3 mineral baths;
- Town of Kostenetz – a balneotherapy complex;
- Town of Pchelinski Bani – a sanitary house;
- Village of Eleshnitsa – a balneotherapy sanatorium;
- Village of Marikostinovo – a balneotherapy complex with mud-cure options;
- Village of Sapareva Banya – a balneotherapy sanatorium with an out-door pool;
- Village of Dolna Banya – a holiday house;
- Village of Belchinski Bani – a holiday house with an out-door pool;
- Town of Narechen – 4 sanatoria;
- Village of Michalkovo – one sanatorium;
- Village of Banya (region of Karlovo) – mud-sure and a sanatorium;
- Village of Pavel Banya;
- Village of Starozagorski Bani – 4 holiday houses;
- Village of Haskovski Bani – a couple of baths, a sanatoria, 2 holiday houses;
- Town of Varshetz – 4 sanatoria and a climatotherapy school.

The exploration of said group of spa centers shows that the necessary equipment in most of the cases is old-fashioned and obsolete, as well as the absence of an overall advertising strategy. These spa centers were built to provide treatment for different illnesses and therefore they still attract respective visitors.

#### 4. IMPLICATIONS

Based on the survey results, the market segmentation and the competition analysis there can be drawn the following implications in respect of the marketing policy of the spa center in Shipkovo village (in terms of the target market segments and positioning strategy):

- Target market segments are formed by people (i) involved in the NSSI program; (ii) treated and rehabilitated at their own expenses and (iii) families with medium and high income;
- The spa center in Shipkovo village ought to be directed towards the rational and effective use of the mineral water healing power, mainly for treatment of sick people and as a precious source, the latter combined with the beautiful and pristine nature, the quietness and tranquility of the small village, the modern equipment, and the high quality of the services would create the best opportunities to organizing the treatment, rehabilitation, and clients' holidays;
- The luxury hotels with high category cover other market segments, whereas the competitive advantage of the Shipkovo spa center it is price, that is affordable to Bulgarian clients.;
- The listed sanatoria and holiday houses on the territory of the country do not offer an equivalent tourist product in terms of quality, as well as they aim at different target market segments, and therefore do not constitute a serious competition.

**In conclusion** it should be noted that the Shipkovo spa center possesses the required potential in terms of resources, clients, and striving for to success in the view of elaborating and applying the case of the best scenario on segmentation and positioning in order to fulfill the attraction of the chosen target market segments..

#### REFERENCES:

1. *Survey* conducted by Alfatur tourist agency, town of Troyan, 2005.
2. Banabakov, V., (2004) - *Marketing*. Publishing Center at the National Military University, city of Veliko Turnovo, p. 180-181.
3. Blagoev, V., (1998) - *Marketing*. VEKKO Publishing Company, city of Sofia, p.193.
4. Kotler, Ph.. (2002) -, *Management of Marketing*. Klasika i Stil Publishing Company, city of Sofia, p. 523.
5. Marinova, El., (1999) - *Marketing*. Princeps Publishing Company, city of Sofia, p 38.